

ARTICLE APPEARED
ON PAGE A-14NEW YORK TIMES
8 June 1983

Around the Nation

U.S. to Try Ex-General In Spy Fund Fraud

WASHINGTON, June 7 (AP) — The Justice Department said today that it would take a retired Air Force general to trial on charges of embezzling \$445,000, despite a judge's ruling that the general could disclose secret military information as part of his defense.

Asked how the department would respond to the ruling Federal district judge in West Palm Beach, Fla., a spokesman for the Justice Department, John Russell, said, "We're definitely going to trial in the case."

The retired general, Richard B. Collins, 53 years old, of Fort Lauderdale, Fla., is accused of funneling the money from secret military accounts into his own Swiss bank accounts before his retirement in 1978.

Mr. Collins asserted that classified documents and other secret information would show he was not stealing the money but carrying out his assignment as manager of funds used by the Central Intelligence Agency and for military intelligence operatives in Europe.

Prosecutors and defense attorneys said Monday that a sealed order issued by Judge James C. Paine allowed Mr. Collins to bring out military secrets in a trial scheduled to begin in West Palm Beach on July 18.

A defense attorney, Stephen J. Bronis, said, "We now have the ability to defend the case."

Mr. Russell said he knew of a case several years ago in which charges were dropped to avoid the risk of exposing military secrets. The case involved an Air Force lieutenant accused of stealing secret missile information, Mr. Russell said.